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## **“Disingenuous and Deeply Offensive”** *Investor Group Answers Lawsuit*

Knoxville, TN - Attorneys for a group of investors including Jim Biden, Amer Rustom, Michael Lewitt and their associated companies (Platinum Global USA, Inc., and The Third Friday Total Return Fund) have filed a formal reply denying the false allegations in the lawsuit brought by Diverse Medical Management (DMM) and Azzam Medical Services (AMS). DMM, the firm’s principals Michael & Natalie Frey, AMS’ principal, Dr. Mohannad Azzam are also being hit with a countersuit for fraud by Third Friday and Platinum Group USA Inc.

“The lawsuit presents a seriously misleading version of the events. It is nothing more than a cynical attempt to manipulate the press by taking advantage of Jim Biden’s public profile as the brother of a presidential candidate,” said David Fuscus, a spokesman for the investor group. “They are clearly trying to pressure Biden and his colleagues by introducing a story customized for the press during the 2020 presidential primary season.”

“The narrative for DMM’s and AMS’s lawsuit is untrue,” continued Fuscus. “It paints a picture of predatory businessmen trying to swindle a startup company out of their ideas and business. The truth couldn’t be more different. These allegations are disingenuous and deeply offensive. If they were made outside of the legal process, they would be libelous.” Statements made during litigation are protected from normal standards for defamation and libel.

Jim Biden was attracted to DMM’s business concept because he and his wife Sara have a long-held commitment to substance abuse issues and helping veterans with PTSD. Michael Frey claimed to have developed an innovative model for delivering rural health care and the Bidens thought it would match up well with treatment models for people suffering from substance abuse or PTSD.

“If Michael Frey’s business model was viable, it was attractive as a potential investment, but also because it offered a way to help combat the opioid crisis in rural America and to help save struggling rural hospitals from closure,” said Fuscus. “Jim Biden has long been passionate about helping people with substance abuse issues and the prospect of a business venture that could help people got his immediate attention and interest.”

According to research by the University of North Carolina, 113 rural hospitals have closed since 2010, with 16 shutting their doors so far in 2019. According to a report earlier this year by Navigant Consulting, 21%, or 430, of rural hospitals are at risk of closing.

The filing explains that Michael Frey and Dr. Mohannad Azzam sought out Biden and his colleagues for their expertise in rural health care and in securing investors for early stage businesses. Third Friday and Americore Health have invested tens of millions in health care businesses – something that was highly attractive to Frey and Azzam as they struggled to build a healthcare business targeting rural America.

The investor team entered into good faith negotiations with Frey and Azzam, and Third Friday provided loans of over \$750,000 in operational capital while a financial transaction was explored. However, the filing pointed out that “before any agreement was reached much less a potential acquisition finalized,” that DMM, the Freys and Azzam had “overstated their operational successes” and “failed to provide required and accurate financial due diligence information.” DMM has failed to repay any of the loans.

The turning point in the relationship came when DMM purchased two other companies without consulting the investor group, and admitted that DMM was in “an insolvent position, and in a very precarious and serious situation with Medicare.” These disclosures raised obvious concerns and made the economics of acquiring DMM unworkable. The group immediately terminated the potential business deal and Third Friday took lawful steps to recoup its more than \$750,000 in loans and associated costs.

The emails and texts by Michael Lewitt referenced in Frey and Azzam’s lawsuit and in resulting news stories clearly show a man angered by having acted in good faith by lending DMM over \$750,000 only to be accused of defrauding the company into borrowing the money that it refused to repay.

The lawsuit (Case No: 19-CV-00046) was filed in the United States District Court for the Eastern District of Tennessee.

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